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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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02/13/2004

Peter Hansen

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EXAMINER

WOOD, DAVID L

ART UNIT

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/779,486	Applicant(s) HANSEN ET AL.	
	Examiner David L. Wood	Art Unit 3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 08 July 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 26-39 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 26-39 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 23 September 2005 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Status of Claims

1. Claims 1-25 have been cancelled. New claims 26-39 are pending and have been examined. In a telephone conversation with Marvin Wachs on September 15, 2008 it was confirmed that the references to claim 1 in dependent claims 27, 28, and 35-38 were intended to refer to claim 26, and the references in claims 29-34 to claim 3 were intended to refer to claim 28. These typographical changes are taken into consideration by the Examiner, though new claim amendments to place the changes in the record are required.

Response to Amendment

2. The cancellation of the original claims renders all claim objections and rejections based on Section 112 as moot, and they are withdrawn.
3. The objection to the drawings is withdrawn and the drawings of 9/23/2005 are accepted.

Response to Arguments

4. Applicant's argument with respect to claims 26-39 with respect to the use of the BrokerShare reference have been considered but are moot in view of the new grounds of rejection.

Claim Rejections - 35 USC § 101

5. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

6. Claims 26-39 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims disclose software *per se*, which is unpatentable under current U.S. law. Further, the claims disclose methods, which *are* a patentable category of invention. However, based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to another statutory class, such as a particular apparatus, or (2) transform underlying subject matter, such as an article or materials, into a different state or thing. If neither of these requirements is met by a more-than-nominal recitation of structure in the *body* of the claim, the method is not a patent eligible process under § 101 and should be rejected as being directed to non-statutory subject matter. See *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n. 9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70-71 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876); *Ex parte Langemyr* (BPAI May 28, 2008).

Claim Rejections - 35 USC § 103

7. Claims 26-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, et al., U.S. Pat. Appl. Pub. No. 2004/0236660, of record, and BrokerShare (instinet.com), of record.

8. As to claim 26:

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- Thomas discloses:
 - *In a securities trading environment, comprising a trader, an executing broker, and a research broker, a computer process comprising (abstract): intercepting the electronic data, related to trade execution, comprising orders and executions, communicated between the executing broker and the trader (paragraphs 0052-58, 0115); processing said electronic data through a stepout calculation module that calculates stepout information (paragraphs 0060, 0220, 0324); segregating stepout payments due to the research broker from payments due to said executing broker (figure 2, paragraphs 0012-29, 0074); presenting said stepout information to said trader (at least paragraphs 0063, 0225); making said stepout payments automatically to said research broker (at least paragraphs 0074, 0081, 0231); notifying a research broker that said payment is stepped-out (at least paragraph 0237).*
- Thomas does not disclose, but BrokerShare discloses:
 - *without providing said research broker information related to trade execution*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the step-out accounting and payment system of Thomas by combining it with the anonymity teaching of BrokerShare, because each teaching would predictably perform the same function after combination as before, and because the skilled artisan would recognize the potential for protecting trading

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strategy by keeping trade information from which the step-out payments flow secret. It is old and well-known to conduct anonymous trading to obscure trading strategy and would have been obvious to obfuscate trade information underlying the step-out to avoid information leakage to research brokers. The Examiner considers it irrelevant that the BrokerShare reference discloses anonymity in a hybrid system involving both automated trading and human intervention. The presentation of the concept of keeping step-out trade information private would be enough to motivate the skilled artisan to apply the concept to all step-out and soft-dollar arrangements.

9. As to claim 27, Thomas further discloses (at least paragraphs 0114, 0134):

- *wherein said payment is chosen from the group consisting of commissions, traditional step-ins, anonymous step-ins and hard-dollar payment.*

10. As to claim 28, Thomas further discloses (paragraphs 0060, 0065, 0133, 0195, 0211, 0212, 0218, 0221, 0233, 0255, 0294, 0295, 0307, 0319, 0335 and claim 3 disclose various automatic features of the system):

- *automatically making the said payments in accordance with said trader's control inputs.*

11. As to claim 39:

- Thomas discloses:
 - *A process within a computer system: determining the commission payments due over a set period of time; determining the number of step-out payments due on said commission payments; determining the details of each step-out*

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payment due on said commission payments; determining the commission payment due to an executing broker less the step- outs due to research brokers; (paragraph 0327) suggesting and performing said commission payments automatically; (paragraphs 0060, 0065, 0133, 0195, 0211, 0212, 0218, 0221, 0233, 0255, 0294, 0295, 0307, 0319, 0335 and claim 3 disclose various automatic features of the system) notifying the executing broker of the availability of said commission payments over set period of time payable to said executing broker; (paragraphs 0106, 0112), notifying said research broker of said step-out payments over set period of time payable to said research broker ... (at least paragraph 0237)

- Thomas does not disclose, but BrokerShare discloses:
 - *without disclosure of said commission payment made to said executing broker*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the step-out accounting and payment system of Thomas by combining it with the anonymity teaching of BrokerShare, because each teaching would predictably perform the same function after combination as before, and because the skilled artisan would recognize the potential for protecting trading strategy by keeping trade information from which the step-out payments flow secret. It is old and well-known to conduct anonymous trading to obscure trading strategy and would have been obvious to obfuscate trade information underlying the step-out to avoid information leakage to research brokers. The Examiner

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considers it irrelevant that the BrokerShare reference discloses anonymity in a hybrid system involving both automated trading and human intervention. The presentation of the concept of keeping step-out trade information private would be enough to motivate the skilled artisan to apply the concept to all step-out and soft-dollar arrangements.

12. Claims 29-34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas and BrokerShare, applied to claims 26-28, further in view of Greifeld, et al., U.S. Pat. Appl. Pub. No. 2002/0198815, of record.

13. As to claims 29-31:

- Thomas and BrokerShare disclose the limitations of claims 26 and 28.
- Thomas/BrokerShare disclose a general accounting and payment system, but do not disclose several claimed details which Greifeld discloses:
 - *accepting specification of favored or blocked stocks* (paragraph 0070)
 - *accepting designation of weighting, less or more, to be applied to said specification* (paragraph 0069)
 - *accepting the identification of said research broker for which share quantities will be stepped in* (paragraph 0067, and also Thomas' paragraph 0058 to a lesser extent)
 - *accepting instruction whether said payment will be anonymous or traditional* (paragraph 0069 combined with the BrokerShare concept of anonymity)

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- *accepting the instruction to adhere to client directions* (paragraph 0076 and Thomas paragraph 0307)
- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the Thomas/BrokerShare accounting and payment system to include the detailed teachings of Greifeld, because each teaching would predictably perform the same function after combination as before, and because the skilled artisan would appreciate the additional control features presented in Greifeld as being applicable to the general system of Thomas.

14. As to claims 32-34, it would have been obvious to further control payment with a variety of strategies designed to speed up, slow down, and spread out payments, depending on cash flow and trade volume, and in furtherance of the intent to keep trading secret, including:

- *accepting the instruction to pay the said research broker that is furthest behind first*
- *accepting the instruction to pay the said research broker that are paid with soft dollars first*
- *accepting the instruction to spread payments out amongst as many said research brokers as possible*

15. As to claims 35-38:

- Thomas discloses the limitations of claim 26.

- Thomas further discloses a process of reporting commitments and using them for planning and tracking payments, commonly known as a budget system (paragraph 0327).
- It would have been obvious and a common sense approach of the skilled artisan to use a budget and periodic reporting on the budget to manage the cash flow for commissions and step-outs as described in claims 35-38. This conclusion is further suggested by discussion in paragraph 0037 of the Murtaugh reference, U.S. Pat. Appl. Pub. No. 2003/0225666, of record, that this type of approach is commonly employed.

Conclusion

16. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

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the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to David L. Wood whose telephone number is (571)270-3607. The examiner can normally be reached on Monday to Friday 7:30 to 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/
Supervisory Patent Examiner, Art Unit 3693

/David L. Wood/ October 7, 2008
David L. Wood, Examiner, Art Unit 3695